

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 IO-10 AID-05 IGA-01 /084 W

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R 272130Z JUN 75

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 3758

C O N F I D E N T I A L SANTIAGO 4569

E.O. 11652: GDS

TAGS: ELAB, CI, PINT

SUBJECT: OPPOSITION TO PROPOSED LABOR CODE

REF: SANTIAGO A-94

1. SUMMARY: NUMBER OF MAJOR CHILEAN LABOR FEDERATIONS STRONGLY CRITICIZE GOC PROPOSALS FOR CHANGES IN LABOR CODE. CRITICISM CENTERS ON LOOSE LANGUAGE UNIONS FEAR WILL NOT PROTECT NIMUM WORK WEEK AND VACATIONS, OBSTACLES TO RIGHT TO STRIKE, AND STRUCTURE OF UNION ORGANIZATIONS. ALL URGE RESUMPTION OF PERMISSION FOR UNION ELECTIONS.

2. TWO MAJOR ORGANIZATIONS ASKED GOC SIX-MONTH POSTPONE-MENT OF ACTION TO PERMIT ADDITIONAL STUDY, BUT LABOR MINISTER DIAZ JUNE 25 PUBLICLY REJECTED REQUEST. DIAZ SAID GOC WOULD MAINTAIN SCHEDULE OF JULY 8 DEADLINE FOR UNION COMMENT FOLLOWED BY GOC STUDY AND PROMULGATION OF DECREE ON SEPTEMBER -"&1OUTM

3. BASED ON EXPERIENCE OF RECENTLY PROMULGATED SOCIAL STATUTE OF ENTERPRISE, APPEARS THAT FINAL FORM OF OABOR CODE REVISIONS WILL BE SUBSTANTIVELY THAT OF PRESENT DEFAT (REFERENCE). END SUMMARY.

4. NUMBER OF MAJOR CHILEAN UNIONS MET DURING JUNE TO STUDY  
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GOC'S PROPOSED REVISIONS TO LABOR CODE (REFERENCE). RESULTS OF

THESE STUDIES WERE ALL CRITICAL. MOST OF THESE UNIONS QUIETLY COMMUNICATED THEIR VIEWS TO GOC IN OFFICIAL, FIRM BUT POLITELY WORDED LETTERS, REQUESTING MANY MAJOR CHANGES BEFORE PROPOSAL BECOMES LAW.

5. ONE MAJOR AND RELATIVELY UNIFORM CRITICISM DEALS WITH ELECTIONS WITHIN UNIONS AND FEDERATIONS. THE CODUMENTS CONTAIN STRONG RECOMMENDATIONS FOR IMMEDIATE RESUMPTION OF ELECTION OF LABOR LEADERS, RATHER THAN INDEFINITE SCHEDULE INDICATED IN DRAFT CODE. MOST CRITICIZE LOOSE LANGUAGE OF DRAFT WHICH SEEMS TO PERMIT LENGTHENING OF WEEKLY WORK SCHEDULES AND SHORTENING OF VACATIONS. THERE ALSO APPEARS TO BE GENERAL CRITICISM OF THE OBSTACLES PLACED IN WAY OF STRIKE APPROVAL (ONCE THIS RIGHT IS RESTORED), AND STRONG CRITICISM THAT PRESENT DOCUMENT GIVES LABOR AND DEFENSE MINISTRIES CARTE BLANCHE POWER TO PREVENT OR SUSPEND ANY STRIKE ON GROUNDS OF DAMAGE TO ECONOMY OR NATIONAL SECURITY.

6. THERE IS STRONG CRITICISM AND GENERAL CONFUSION ON DOCUMENT'S ARTICLES OUTLINING NEW STRUCTURE FOR "PROVINCIAL" UNIONS (REFERENCE). THIS AREA PRODUCED MOST AND STRONGEST CONCERN AMONG THOSE WHO HAVE TALKED TO LABATT.

7. FEDERATIONS OF WHITE-COLLAR EMPLOYEES, CONSTRUCTION, RAILROAD, MARITIME, COPPERWORKERS, PETROLEUM, GOVERNMENT WORKERS, "CAMPEÑINOS", METAL WORKERS, COAL MINERS AND AN ASSEMBLY OF ALL LEADERS OF VALPARAISO PROVINCE TO OUR KNOWLEDGE PRESENTED WRITTEN CRITICISM TO THE GOC, THERE ARE PROBABLY OTHERS. BOTH WHITE COLLAR FEDERATION (CEPCH) AND FEDERATION OF CONSTRUCTION WORKERS (FEIMC) PUBLICLY PETITIONED GOC TO EXTEND PERIOD OF STUDY FOR SIX MONTHS PAST INFORMAL DEADLINE OF JULY 1, 1975. IN PRESS CONFERENCE JUNE 25, LABOR MINISTER GENERAL NICANOR DIAZ ANNOUNCED THAT EXTENSION WOULD NOT BE GRANTED AND THAT STUDY PERIOD WAS NOT POSTPONABLE ("IMPOSTERGABLE"). HE SAID GOC WOULD WAIT FOR EIGHT DAYS PAST JULY 1 TO RECEIVE MAILED COMMUNICATIONS, CONSIDER ALL SUGGESTIONS, AND PROMULGATE NEW LABOR CODE ON SEPTEMBER 11, 1975.

7. APPARENTLY GOC HAS NOT TRIED TO RESTRICT LABOR MEETINGS  
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TO STUDY PROPOSED CODE. MOST UNIONS DEVELOPED THE CONSENSUS OF THEIR CRITIQUE THROUGH SMALL MEETINGS OF PRIMARY LEADERS. ONE EXCEPTION WAS LARGE ASSEMBLY OF SANTIAGO MEMBERSHIP OF FEIMC. COMMUNIST PARTY LEADERSHIP OF THIS FED. CALLED FOR MEETING OF ALL MEMBERS AND "UNEMPLOYED CONSTRUCTION WORKERS," PRIMARILY THROUGH HANDBILLS WHICH WERE DISTRIBUTED IN SANTIAGO WORKER NEIGHBORHOODS. ASSEMBLY HELD JUNE 21 IN LARGE CAUPOLICAN THEATER DREW ORDERLY, ENTHUSIASTIC CROWD OF ABOUT

3500 WHICH VOCALLY APPROVED THEIR LEADERS' POINT-BY-POINT CONDEMNATION OF DRAFT CODE. JUNE 21 (FEAST DAY OF SAINT LOUIS) DATE FOR THIS ASSEMBLY WAS PROBABLY NOT A CASUAL SELECTION OF FED'S COMMUNIST LEADERSHIP. THE DAY WAS CELEBRATED DURING UP TIMES BY PC IN HONOR OF THEIR TWO PRINCIPAL LEADERS, LUIS CORVALAN, PC GENERAL SECRETARY, AND LUIS FIGUEROA, PRESIDENT OF NATIONAL "CENTRAL" CUT.

8. MILITARY INTERVENTION IN STUDY MEETINGS HAS BEEN MINIMAL. ONE EXCEPTION WAS VALPARAISO ASSEMBLY OF LABOR LEADERSHIP CALLED BY LOCAL GOC AUTHORITIES. ALTHOUGH MILITARY ALLOWED FREE DISCUSSION CHAIRED BY LABOR LEADERS, THEY LATER INSISTED THAT STRONGLY CRITICAL CONSENSUS OF GRP BE CONSIDERABLY TONED DOWN BEFORE IT WAS DESPATCHED TO LABOR MINISTRY.

9. MANY OF UNION CRITIQUES CONTAIN STRONG RECOMMENDATIONS THAT GOC NAME SEVERAL TOP LABOR LEADERS TO A "COMMISSION" WHICH WILL CONSIDER SUGGESTIONS FROM LABOR AND FINALIZE LAW BETWEEN JULY 8 AND SEPT. 11. GOC HAS NOT PUBLICLY RESPONDED TO THIS SUGGESTION.

10. COMMENT: THE RESULTS OF THESE MANY SESSIONS ARE NOW IN LABOR MINISTRY HANDS. VERY FEW OF LABOR'S SUGGESTIONS WERE INCORPORATED INTO FINAL FORM OF RECENTLY PROMULGATED SOCIAL STATUTE OF ENTERPRISE. OUR GUESS IS THAT THIS WILL BE THE CASE WITH NEW LABOR CODE.

11. DESPITE TOUGH ATTITUDE OF LABOR MINISTER, WE NOTE THAT SOME CRITICISMS OF DRAFT WERE QUITE FIRM. UNIONS HAD TWO MONTHS TO CONSIDER DRAFT. GOC OBVIOUSLY IS HURRYING PROCESS THROUGH SO AS TO PRESENT NEW CODE AS MAJOR ACCOMPLISHMENT DURING CELEBRATIONS OF SECOND ANNIVERSARY OF COUP ON SEPTEMBER 11.  
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